

The complaint

Ms M and Mr N complain that AXA Insurance UK Plc have provided poor service and delayed in dealing with their claim for damage due to a flood.

What happened

Ms M and Mr N held buildings and contents insurance with AXA.

Their home was damaged by flood in December 2022 and they made a claim.

Ms M and Mr N say that there were delays, poor communication, handling of contents, and errors in the tender process resulting in a delayed settlement.

They made six complaints to AXA. The first three responses on 9 May 2023, 2 November and 5 November 2023 were mostly upheld.

Three further responses were issued on 31 January, 8 May and 24 July 2024, with compensation totalling £2000 offered across these complaints.

Mrs M and Mr N were unhappy with the responses they received from AXA and so they brought their complaint to us.

One of our investigators looked into this and he thought that AXA could do more. He asked AXA to pay an additional £600 for the delays experienced and gave some directions about how to progress the claim.

Ms M and Mr N disagreed with our investigators view, and so the case has come to me to review.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have to decide whether AXA have acted fairly and reasonably, and properly applied the terms of the policy when dealing with the claim, and if they didn't what, the impact was on Ms M and Mr N, and what is needed to put things right.

Ms M and Mr N brought their complaint to us on 13 July 2023 and so this decision only reviews the last three complaints, dated 31 January, 8 May and 24 July 2024, as we can only look into matters that are brought to us within six months of the final response letters.

Where a claim is raised, we expect insurers to deal professionally and promptly with it, communicate with insureds in a manner that is fair, clear, and not misleading and work in the insureds' best interests. Since 31 July 2023, the Financial Conduct Authority (FCA) has

placed a greater obligation on financial businesses to ensure they provide better outcomes for consumers, in the form of Consumer Duty.

I can understand how disappointing it was for Ms M and Mr N that they had made a number of complaints, and yet nothing was improving. I would have expected that AXA would have stepped up and tried to ensure that the claim stayed on track after the first three complaints, but they simply paid some compensation and didn't try and take control of the claim as I would have expected with a claim of this complexity and their obligations under Consumer Duty. However, they didn't, and further issues arose.

AXA have accepted that their handling of the claim wasn't at the standard they would expect, and over the three complaints I'm looking at, they have offered a total of £2000. They have offered £1000 for the complaint response dated 31 January 2024, £500 for the delays in their response of 8 May 2024, and £500 for the complaint response dated 24 July 2024. For clarity, I should explain that I can't look at anything that has happened before 5 November 2023 or after 24 July 2024, and whilst I appreciate that this claim is ongoing for Ms M and Mr N, I won't be able to take account of any difficulties, delays or impact after that date.

Final response 31 January 2024

This complaint includes a number of complaints about one of the contractors used by AXA. The complaints were that items were returned from storage that hadn't been cleaned as agreed, that some items including financial information were delivered to a third party in error, and delays which have impacted the mental health of Ms M and Mr N.

I can see that some practical solutions were offered, and compensation was also paid for the distress and inconvenience. The unclean items were moved to the BER list and the cost of replacement was agreed, carpet cleaning was offered for damage to the carpet in the rental property from unpacking, all appropriate remedial action was taken in respect of the data breach, and that a total package of £1000 compensation was offered for these mistakes.

I can understand how upsetting these mistakes would have been, in particular, the potential loss of financial information is always worrying, but I can also see that AXA acted quickly to contain and resolve the issues, and so I think that on top of the remedial actions put in place, the offer of £1000 compensation is a fair sum for the mistakes made by AXA.

Final response 8 May 2024 and 24 July 2024

A further two complaints were dealt with under the final response of 8 May 2024 relating to delays and also to lack of communication and delays in the tender process between 31 January and 8 May. AXA offered £500 in their 8 May response.

The final response on 24 July relates to the further delays and issues in the tender process, and AXA have offered a further £500 for the ongoing issues.

I am going to consider these two responses together because there is overlap in the issues, and I think it is easier to consider the tender process as a whole.

I would expect any tender process to take some time, but this period has been unnecessarily long given that the scope was first sent to AXA by Mrs M and Mr N's loss assessors in September 2023.

In December 2023, AXA agreed that once the schedule had been reviewed by their contractors it could be put out to tender. They didn't specifically ask for it to be sent back to

them for approval, and so in April 2024 the tender document was received back by AXA with quotes. On reviewing it, AXA said that the scope contained items that weren't on the original approved scope, and they were unhappy with this. They sent out another surveyor in May, who prepared a new scope. Ms M and Mr N said there were still some items missing, and AXA asked the surveyors to provide comments about the necessity of these items. The surveyors wanted to charge for this, so in their final response in July AXA have agreed either to pay for this or appoint a further independent surveyor to revisit.

Ms M and Mr N are extremely unhappy about this and think that AXA are trying to avoid paying costs for work they have already agreed, as after receiving quotes for higher than expected, they are trying to backtrack.

Having viewed all the claim notes and considered the representations put forward by Ms M and Mr N I haven't seen any evidence of AXA behaving deliberately in the way suggested. However, I am satisfied that their process broke down, and there was poor communication between AXA, the loss assessors and the contractors which resulted in the process not being properly followed, and an extended scope being sent out to tender without approval. I've thought about the impact these errors will have had on Ms M and Mr N, and I consider that this additional delay is disappointing given the history of the claim, and has caused significant distress to Ms M and Mr N.

Ms M has said that if the errors hadn't occurred with the tenders, work could have started in May, and been completed within 3 months, but it is still ongoing. In claims where individuals are displaced from their homes there will always be some distress and inconvenience, but I agree with the investigator that AXA's poor handling has exacerbated that, and an additional award is appropriate.

As I'm restricted to looking at the period up until 24 July 2024, and any further delays and errors beyond that point would need to be addressed under a separate complaint, so taking that into account, I consider that the additional £600 suggested by the investigator across both complaints is a fair sum for the additional distress and inconvenience caused by the tender errors and delays up until 24 July.

Ms M and Mr N have also raised the Consumer Duty principle in their complaint. Consumer Duty places obligations on insurers to be proactive in identifying and addressing where good outcomes aren't being achieved and we would expect them to provide helpful and accessible support in sorting out the problem. For the reasons that I have given above, I think that AXA fell short here, and whilst giving compensation at intervals after every complaint helps to recognise this, it doesn't help to progress the claim, which is what Ms M and Mr N really need. And so, for that reason I am also supporting the recommendation of the investigator that AXA take better control of the claim, monitoring their contractors at regular intervals to ensure that there is progression. Although we can't tell AXA how to manage the claim, it may be in the best interests of Ms M and Mr N to have a single point of contact responsible for the claim to provide the reassurance that is needed here.

Putting things right

To put things right, AXA should:

- pay Ms M and Mr N an additional £600 for the distress and inconvenience caused by the failure to progress the claim promptly and professionally – and especially in relation to the impact of the incorrect tender process. This will bring the total compensation across these three complaints to £2600.

- commit to monitoring their suppliers more closely, for this claim, ensuring there is improvement in communication and setting of monitored timescales for tasks to ensure fair progression - getting their suppliers to commit to improved claim handling.
- ensure their suppliers are providing accurate set periodic updates on the claim's Progress

My final decision

My decision is that I'm upholding Ms M and Mr N's complaint and directing AXA Insurance UK Plc to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr N to accept or reject my decision before 31 March 2025.

Joanne Ward
Ombudsman